

F A R M   G R O W T H

W H E R E   T O   I N V E S T   T H E   N E X T   D O L L A R

GUIDELINES AND RESOURCE MATERIALS  
FOR EDUCATIONAL MEETINGS

BY

ALLAN E. LINES  
EXTENSION ECONOMIST  
FARM MANAGEMENT

DEPARTMENT OF AGRICULTURAL ECONOMICS AND RURAL SOCIOLOGY,  
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## WHY INVEST

### I. TO PRESERVE CAPITAL

#### 1. FOR FUTURE NEEDS

- EDUCATION

- RETIREMENT

- ESTATE

#### 2. PROTECT PURCHASING POWER

- INFLATION

### II. TO MAKE LIFE EASIER

### III. TO EARN MORE PROFIT

#### 1. IMPROVE EFFICIENCY

#### 2. INCREASE SIZE

#### 3. NEW ENTERPRISE

## INVESTMENT    ALTERNATIVES

1. LAND
2. BUILDINGS
3. EQUIPMENT
4. ANIMALS
5. OPERATING    TECHNOLOGY
6. LABOR
7. OFF-FARM

LAND INVESTMENT

IMPROVEMENT AND/OR ADDITIONAL

1. ADDITIONAL

PRODUCTIVE/NON PRODUCTIVE

PASTURE

TILLABLE

2. IMPROVEMENT

DRAINAGE

INTERNAL

SURFACE

FIELD SIZE

## BUILDING INVESTMENT

REMODEL, REPLACE, AND/OR ADDITIONAL

### 1. EQUIPMENT

STORAGE

REPAIR

### 2. CROP STORAGE

### 3. LIVESTOCK

PRODUCTION

MAINTENANCE

## EQUIPMENT INVESTMENT

REPAIR, REPLACE, AND/OR ADDITIONAL

### 1. CROP EQUIPMENT

PRODUCTION

POWER

TILLAGE

PLANTING

HARVESTING

DRYING AND HANDLING

### 2. LIVESTOCK EQUIPMENT

FEEDING

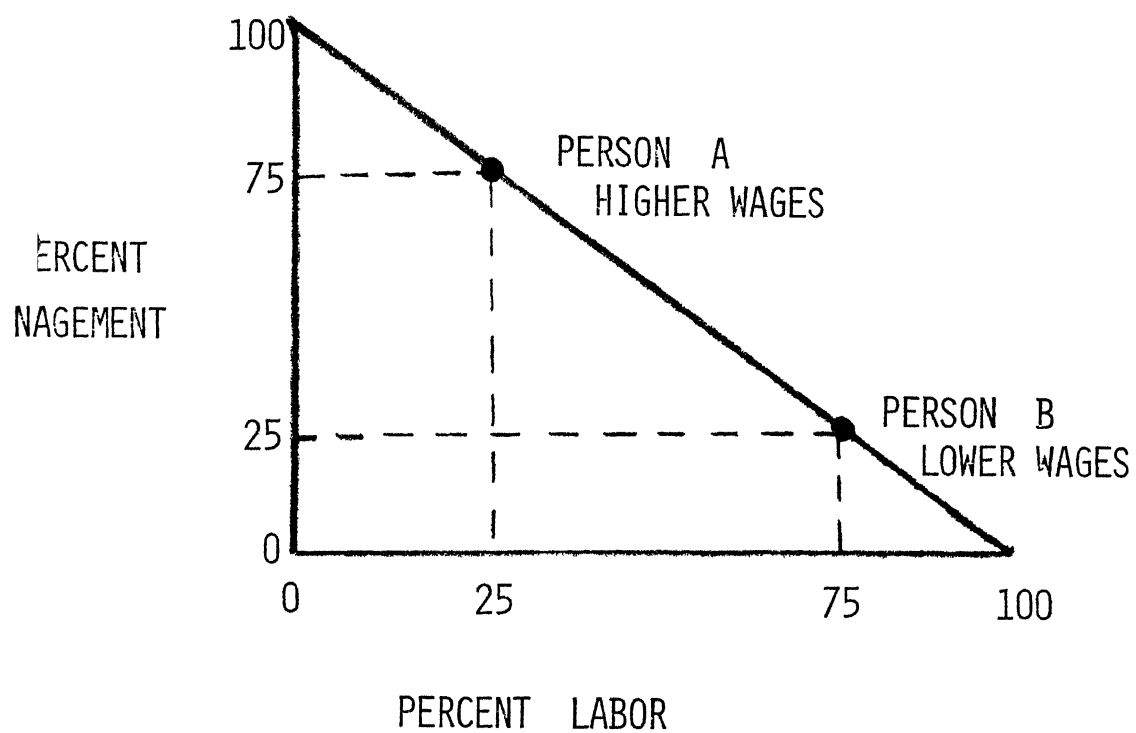
HANDLING

ANIMALS

PRODUCT

## LABOR INVESTMENT

WHAT DO YOU NEED OR WANT TO HIRE?



GOOD HIRED HELP IS A GOOD INVESTMENT

WHAT CAN YOU INVEST IN BETTER HELP  
ON DAIRY FARMS

NUMBER OF COWS	100	100	100
INCREASED PRODUCTION			
POUNDS/COW	100	500	1,000
TOTAL POUNDS	10,000	50,000	100,000
PRICE OF MILK/CWT	\$ 10	\$ 10	\$ 10
INCREASED RECEIPTS	\$1,000	\$5,000	\$10,000
INCREASED COSTS (60%)	\$ 600	\$3,000	\$ 6,000
ADDED VALUE OF HELP	\$ 400	\$2,000	\$ 4,000

WHAT CAN YOU INVEST IN BETTER HELP  
ON SWINE FARMS

NUMBER OF SOWS	100	100	100
INCREASED PRODUCTION			
PIGS WEANED/SOW/YEAR	1	2	3
TOTAL CWT OF PORK	220	440	660
PRICE OF PORK/CWT	40	40	40
INCREASED RECEIPTS	\$8800	\$17,600	\$26,400
INCREASED COSTS (75%)	\$6600	\$13,200	\$19,800
ADDED VALUE OF LABOR	\$2200	\$ 4,400	\$ 6,600



CAPITAL, DEBT SERVICE, AND SOUND DEBT  
FOR ALTERNATIVE ENTERPRISES

	CAPITAL REQUIRED	DEBT SERVICE		SOUND DEBT
		REQUIRED	AVAILABLE	
	( $\$$ )	( $\$$ )	( $\$$ )	( $\$$ )
CORN-SOYBEAN	1500	130	80	800
FARROW-FINISH HIGH INVESTMENT	1400	170	260	2600
PRODUCE FEEDER PIGS LOW INVESTMENT	600	70	90	900
PURCHASE FEEDER PIGS HIGH INVESTMENT	4700	570	550	5500
DAIRY	2200	260	260	2600
FEEDER STEER	500	60	50	500
COW-CALF	600	60	40	400

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ESTIMATED RETURN TO ENTERPRISES  
NEXT 10 YRS.

ENTERPRISE	RATE OF RETURN (%)
FARROW-FINISH HIGH INVESTMENT	18
PRODUCE FEEDER PIGS LOW INVESTMENT	15
PURCHASE FEEDER PIGS HIGH INVESTMENT	9
DAIRY	9
FEEDER STEER	7
COW-CALF	6
CORN-SOYBEAN	5

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EXCLUDES INCREASE IN LAND VALUE

## NON - FARM INVESTMENT

### DECISIONS

1. FARM OR NON-FARM
2. RISK OR PRESERVE CAPITAL

DEPENDS ON GOALS AND COMMITMENT

### NON - FARM OPPORTUNITIES

#### RISK CAPITAL

STOCK MARKET - VARIABLE RETURN

BUSINESS - HIGHER RETURN ?

- MANAGEMENT !!

#### PRESERVE CAPITAL

SAVINGS - LOW RETURNS

FARMERS UNDERSTAND FARMING -- THIS IS THE PLACE FOR MORE  
INVESTMENT

BIG QUESTION -- HOW MUCH LABOR AND MANAGEMENT WILL  
BE COMMITTED WITH CAPITAL

## WHICH INVESTMENT NEXT?

NO SINGLE ANSWER

DEPENDS UPON -- GOALS  
-- RESOURCES  
-- INTERESTS  
-- PRODUCTION SKILLS  
-- MANAGEMENT SKILLS  
-- DESIRE TO LIVE IN DEBT

HEART OF QUESTION -- RETURN ON INVESTMENT

## TOP PRIORITY

EFFICIENCY -- EFFICIENCY -- EFFICIENCY

LOW EFFICIENCY → LOW RETURN

EFFICIENCY ABOVE AVERAGE BEFORE  
INVEST

- CROP YIELDS
- MILK PRODUCTION
- PIGS WEANED
- FEED
- LABOR

## AFTER YOU ARE EFFICIENT

1. IMPROVE YOUR LAND - DRAINAGE
  - FERTILITY
  - FIELD SIZE
2. CROP STORAGE
3. RENT GOOD LAND TO USE EQUIP-  
MENT CAPACITY
4. PURCHASE EQUIPMENT TO BE TIMELY
5. LIVESTOCK FACILITIES
  - DAIRY -- ONLY AFTER FORAGE AND LAND
  - SWINE -- MAY BE FIRST
  - BEEF -- IF YOU DON'T LIKE HOGS
  - COW-CALF -- ONLY TO USE "FREE" RESOURCES
6. LAND -- WILL NOT PAY FOR SELF
  - WHY BUY
    - CONTROL
    - YIELD INCREASING POSSIBILITIES
    - INFLATION HEDGE
    - LOSSES REDUCE TAX
    - INVEST LARGE SUM OF CAPITAL